

Basel Committee on Banking Supervision

LEV

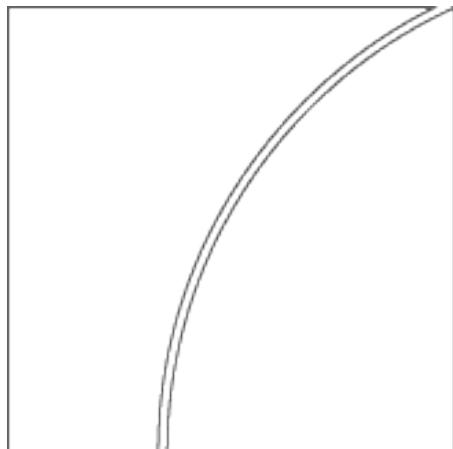
Leverage ratio

LEV40

Leverage ratio requirements
for global systemically
important banks

**Version effective as of
01 Jan 2022**

First version in the format of the consolidated
framework.



BANK FOR INTERNATIONAL SETTLEMENTS

- 40.1** To maintain the relative roles of the risk-based capital and leverage ratio requirements, banks identified as global systemically important banks (G-SIBs) according to [SCO40](#) must also meet a leverage ratio buffer requirement. Consistent with the capital measure required to meet the leverage ratio minimum described in [LEV20.4](#), G-SIBs must meet the leverage ratio buffer with Tier 1 capital.
- 40.2** The leverage ratio buffer will be set at 50% of a G-SIB's higher loss-absorbency risk-based requirements. For example, a G-SIB subject to a 2% higher loss-absorbency requirement would be subject to a 1% leverage ratio buffer requirement.
- 40.3** The design of the leverage ratio buffer is akin to the capital buffers in the risk-based framework. As such, the leverage ratio buffer will include minimum capital conservation ratios divided in five ranges. Capital distribution constraints will be imposed on a G-SIB which does not meet its leverage ratio buffer requirement.
- 40.4** The capital distribution constraints imposed on G-SIBs will depend on the G-SIB's Common Equity Tier 1 (CET1) risk-based ratio and its leverage ratio. A G-SIB which meets both its CET1 risk-based capital requirements (defined as a 4.5% minimum requirement, a 2.5% capital conservation buffer, the G-SIB higher loss-absorbency requirement and countercyclical capital buffer if applicable) and its Tier 1 leverage ratio requirement (defined as a 3% leverage ratio minimum requirement and the G-SIB leverage ratio buffer) will not be subject to minimum capital conservation standards. A G-SIB which does not meet one of these requirements will be subject to the associated minimum capital conservation standards. A G-SIB which does not meet both requirements will be subject to the higher minimum capital conservation standard related to its risk-based capital requirement or leverage ratio.
- 40.5** As an example, the table below shows the minimum capital conservation standards for the CET1 risk-based requirements and Tier 1 leverage ratio requirements of a G-SIB in the first bucket of the higher loss-absorbency requirements (ie where a 1% risk-based G-SIB capital buffer applies).

CET1 risk-based ratio	Tier 1 leverage ratio	Minimum capital conservation ratios (expressed as a percentage of earnings)
4.5%–5.375%	3%–3.125%	100%
> 5.375%–6.25%	> 3.125%–3.25%	80%
> 6.25%–7.125%	> 3.25%–3.375%	60%
> 7.125%–8%	> 3.375%–3.50%	40%
> 8.0%	> 3.50%	0%